**GOVERNMENT OF INDIA**
**POWER**
**LOK SABHA**

UNSTARRED QUESTION NO:1757
ANSWERED ON:08.03.2001
AGREEMENT WITH MAHARASHTRA AND MSEB
NARESH KUMAR PUGLIA

**Will the Minister of POWER be pleased to state:**

(a) whether as per original agreement signed with Enron, the Dabhol PowerCompany was to sell power to Maharashtra @ Rs.1.70 per unit;

(b) if so, the details thereof;

(c) whether the Dabhol Power Company has increased the tariff upto Rs.7/- per unit;

(d) if so, the details thereof and the reasons therefor; and

(e) the reaction of the Union Government thereto?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER ( SHRIMATI JAYAWANTI MEHTA )

(a) & (b) : The Maharashtra State Electricity Board (MSEB) has informed that theoriginal Power Purchase Agreement (PPA) with the Dabhol Power Company (DPC) hasnot stipulated any tariff or selling rate of power. The PPA indicates the formula for calculation of capacity charge and energy charge. Based on this and considering 90% off take of power, dollar exchange rate of Rs.32 per dollar, fuel cost of Rs. 6792 per MT, the tariff for phase-I of 695 MW of the project as originally envisaged, was indicated as Rs. 2.40 per Kwh in the year 1997. The tariff included the effect of dollar exchange rate, fuel price, US inflation and Indian inflation.

(c) & (d) : MSEB is purchasing power from Dabhol phase-I project since itscommissioning in May, 1999. MSEB purchased 2618 million units (at Plant Load Factorof 45%) from March, 2000 to December, 2000 and the average rate of purchase has come to Rs. 6.19 per Kwh during this period.

(e) : Government of Maharashtra (GOM) have constituted an Energy ReviewCommittee under the chairmanship of Dr. Madhav Godbole, ex-Home Secretary, Government of India. The terms of reference of the Committee are as follows:-

(i) To review the position of overall demand and supply of electric power in the State, with special reference to the supply of power by proje3cts of independent power producers and purchase thereof by the MSEB for which PPA have eitherbeen signed or are proposed.

(ii) To examine the cost of power supplied by the DPC and the distribution of powerlosses and its implications on the finances/tariff of MSEB.

(iii) To review and reconsider the provisions of the PPA signed with the DPC afterholding discussions with the said Company, the MSEB and related authorities and to suggest appropriate measures to facilitate purchase of the power produced by the DPC by other agencies/parties (including Government of India or their agencies).

(iv) To suggest the broad future course of action for reforms in the energy sector in the State.

(v) Any other matter which the State Government may consider necessary to re3fer to the Committee in the above-mentioned context.

The report of the Committee will be submitted to the Government of Maharashtra and the matter would beconsidered by the Government of India, in case required after receipt of proposals from the GoM in this regard.